GROUPE MTY GROUP

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PRESS RELEASE
FOR IMMEDIATE PUBLICATION

MTY REPORTS SECOND QUARTER RESULTS FOR FISCAL 2024

- **Franchising segment normalized adjusted EBITDA(1) increased 1% to reach $52.6 million in the quarter, compared to $51.9 million in Q2-23 with normalized adjusted EBITDA as a % of revenue(2) of 52%.**
- **Normalized adjusted EBITDA(1) decreased 1% to $73.7 million in the quarter, compared to $74.6 million in Q2-23.**
- **System sales(3) for the quarter remained relatively stable at $1.5 billion compared to Q2-23.**
- **Cash flows provided by operating activities were $40.6 million compared to $51.9 million in Q2-23, a decrease of $11.3 million mainly attributable to an unfavourable working capital variance during the quarter due to timing of collections and payments of account receivables and payables.**
- **Free cash flows net of lease payments(1) decreased to $24.3 million in the quarter, compared to $29.5 million in Q2-23. Free cash flows net of lease payments per diluted share(2) were $1.01 for the quarter compared to $1.21 in Q2-23.**
- **Net income attributable to owners decreased by 10% at $27.3 million, or $1.13 per diluted share compared to $30.4 million, or $1.24 per diluted share in Q2-23.**
- **Ended the quarter with 7,107 locations compared to 7,116 locations in Q4-23.**
- **Repurchased and cancelled 266,700 shares for a total consideration of $12.8 million in Q2-24.**
- **Long-term debt repayments of $16.3 million for the quarter with net repayments of $77.9 million since Q2-23.**
- **Renewed Normal Course Issuer Bid Program ("NCIB") on June 28, 2024**
- **Amended revolving credit facility on July 10, 2024 to remove $50.0 million yearly maximum distribution threshold.**
- **Quarterly dividend payment of $0.28 per share on August 15, 2024**

(1) This is a non-GAAP measure. Please refer to the "Non-GAAP Measures" section at the end of this press release.

(2) This is a non-GAAP ratio. Please refer to the "Non-GAAP Ratios" section at the end of this press release.

(3) This is a supplementary financial measure. Please refer to the "Supplementary Financial Measures" section at the end of this press release.

Montreal, July 11, 2024 – MTY Food Group Inc. ("MTY", "MTY Group" or the "Company") (TSX: MTY), one of the largest franchisors and operators of multiple restaurant concepts worldwide, reported today financial results for the second quarter of fiscal 2024 ended May 31, 2024 and declared a quarterly dividend of 28.0¢ per share, payable on August 15, 2024 to shareholders registered in the Company's records at the end of the business day on August 2, 2024.

"Emerging from a challenging winter, system sales within our US segment, along with the profitability and margin of our franchising segment were advancing in this second quarter. These areas are the core drivers of our business and we are encouraged by the results," stated Eric Lefebvre, Chief Executive Officer of MTY. "While our Canadian segment is recovering from the headwinds of January and February of 2024, and profitability in our corporate segment was softer, system sales for the second quarter remained stable year-over-year."

"I'm pleased to see MTY's snack brands, including Cold Stone, Wetzel Pretzel's, Pinkberry and SweetFrog continue to demonstrate strong performance year over year, as well as seeing our trend of location numbers remaining near breakeven since February 2023." Lefebvre shared.

"As we move forward, management will remain committed to maximize shareholder value by improving normalized adjusted EBITDA through improved in-restaurant dining and online digital experiences as well as cost cutting measures. Organic growth of system sales and store count of existing concepts remains a priority for us while we continues to seek potential acquisitions."

Financial Highlights **(in thousands of $, except per share information)**	**Q2-2024**	**Q2-2023**	**6 Months 2024**	**6 Months 2023**
Revenue	303,739	305,219	582,383	591,222
Adjusted EBITDA[(1)]	73,198	74,648	132,460	137,511
Normalized adjusted EBITDA[(1)]	73,683	74,648	133,218	138,607
Net income attributable to owners	27,278	30,359	44,583	48,746
Cash flows from operations	40,558	51,860	94,736	85,327
Free cash flows net of lease payments[(1)]	24,321	29,547	61,243	44,980
Free cash flows net of lease payments per diluted share[(2)]	1.01	1.21	2.53	1.84
Net income per share, basic	1.13	1.24	1.84	2.00
Net income per share, diluted	1.13	1.24	1.84	1.99
System sales[(3)]	1,459,400	1,470,000	2,791,100	2,832,500
Digital sales[(3)]	287,700	266,800	560,900	513,000

[(1)] This is a non-GAAP measure. Please refer to the "Non-GAAP Measures" section at the end of this press release.

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SECOND QUARTER RESULTS

Network

- At the end of the second quarter of 2024, MTY's network had 7,107 locations in operation, of which 6,885 were franchised or under operator agreements and 222 were corporate-owned. The geographical split among MTY's locations remained stable year-over-year at 58% in the US, 35% in Canada and 7% International.
- During the second quarter of 2024, MTY's network opened 85 locations (Q2 2023 – 73 locations) and closed 90 others (Q2 2023 – 77 locations).
- System sales decreased 1% year-over-year to $1.46 billion in the second quarter of 2024 compared to $1.47 billion in the prior year. The decline was generalized across most of the network, as reduced consumer spending due to the current economic situation, including inflationary pressures, negatively affected sales.
- Similarly and for the same reasons, same-store sales[(1)] declined 2% year-over-year in the second quarter.

[(1)] This is a supplementary financial measure. Please refer to the "Supplementary Financial Measures" section at the end of this press release.

Financial

- Company revenue decreased slightly to $303.7 million in the second quarter, mainly due to less recurring revenue streams that were tightly correlated to reduced system sales. In Canada, revenue from franchise operations decreased 3% year-over-year, while food processing, distribution and retail sales dropped 9%. Lower revenues from these subdivisions were offset by a 44% increase from corporate-owned stores due to a net increase in such locations year-over-year. In the U.S. and International segment, revenues remained stable due to a increase of 3% from franchise operations offset by a 3% decrease in corporate-owned stores.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses and SAP project implementation costs, decreased 1% year-over-year to $73.7 million in the second quarter of 2024 mainly due to increased rents and lower system sales.
- Net income attributable to owners totaled $27.3 million, or $1.13 per share ($1.13 per diluted share), in the second quarter compared to $30.4 million, or $1.24 per share ($1.24 per diluted share), for the same period in 2023. The year-over-year decrease can mainly be attributed to impairment charges on property, plant and equipment and intangibles assets.

LIQUIDITY AND CAPITAL RESOURCES

- In the second quarter of 2024, cash flows generated by operating activities amounted to $40.6 million compared to $51.9 million in the second quarter of 2023 mostly due to unfavourable working capital variance due to timing of collections and payments of account receivables and payables.
- MTY reimbursed $16.3 million of its long-term debt, paid $6.7 million in dividends to shareholders, and repurchased 266,700 shares for a total consideration of $12.8 million in the second quarter of 2024.
- As at May 31, 2024, MTY had $52.3 million of cash on hand and long-term debt of $733.0 million, mainly in the form of bank facilities and promissory notes on acquisitions. The Company also had a revolving credit facility with an authorized amount of $900.0 million, of which CAD$8.0 million and US$526.2 million had been drawn at quarter-end. Hedging strategies, including two three-year and two-year fixed interest rate swaps, have provided the Company with quarterly savings of approximately $2.0 million on interest payments.

DIVIDEND PAYMENT

On July 11, 2024, MTY declared a quarterly dividend payment of $0.28 per common share. The dividend will be paid on August 15, 2024 to shareholders registered in the Company's records at the end of the business day on August 2, 2024.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on July 11, 2024, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-866-777-2509 (North America callers) or 1-412-317-5413 (overseas callers). Parties unable to call in at this time may access a recording by calling 1-855-669-9658 (Canada toll free) 1-877-344-7529 (US Toll Free) or 1-412-317-0088 (International participants) and entering the passcode 3219599.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants under more than 90 different banners in Canada, the US and Internationally. Based in Montreal, MTY is a family whose heart beats to the rhythm of its brands, the very soul of its multi-branded strategy. For 45 years, it has been increasing its presence by delivering new concepts of restaurants, making acquisitions, and forging strategic alliances, which have allowed it to reach new heights year after year. By combining new trends with operational know-how, the brands forming the MTY Group now touch the lives of millions of people every year. With 7,107 locations, the many flavours of the MTY Group hold the key to responding to the different tastes and needs of today's consumers as well as those of tomorrow.

NON-GAAP MEASURES

Adjusted EBITDA (revenue less operating expenses), normalized adjusted EBITDA (revenue less operating expenses excluding transaction costs related to acquisitions and SAP project implementation costs) and free cash flows net of lease payments (net cash flows provided by operating activities, used in additions to property, plant and equipment and intangible assets and provided by proceeds on disposal of property, plant and equipment; and net of lease payments) are non-GAAP (generally accepted accounting principles) measures, do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

The Company believes that adjusted EBITDA is a useful metric because it is consistent with the indicators management uses internally to measure the Company's performance, to prepare operating budgets and to determine components of executive compensation. The Company believes that normalized adjusted EBITDA is a useful metric for the same reasons as adjusted EBITDA, without including the impact of transaction costs related to acquisitions or SAP project implementation costs, which vary in occurrence and in amount. The Company believes that free cash flows net of lease payments is a useful metric because they provide the Company with a measure related to decision-making about cash-intensive matters such as capital expenditures, compensation, and potential acquisitions. The Company also believes that these measures are used by securities analysts, investors and other interested parties and that these measures allow them to compare the Company's operations and financial performance from period to period. These measures provide them with a supplemental measure of the operating performance and financial position and thus highlight trends in the core business that may not otherwise be apparent when relying solely on GAAP measures.

Refer to the "Compliance with International Financial Reporting Standards" section of the Company's Management's Discussion and Analysis of the financial position and financial performance ("MD&A").

NON-GAAP RATIOS

Free cash flows net of lease payments per diluted share (free cash flows net of lease payments divided by diluted shares) and normalized adjusted EBITDA as a % of revenue (normalized adjusted EBITDA divided by revenue) are non-GAAP ratios, do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. The Company believes that free cash flows net of lease payments per diluted share is a useful metric because it is used by securities analysts, investors and other interested parties as a measure of the Company's cash flows that are available to be distributed to debt and equity shareholders, including to pay debt, to pay dividends, and to repurchase shares. The Company believes that normalized adjusted EBITDA as a % of revenue is a useful metric because it is consistent with the indicators management uses internally to measure the Company's profitability from operations, including to gauge the effectiveness of cost management measures, as well as provides a measure of the Company's performance that does not include the impact of transaction costs related to acquisitions, which may vary in occurrence and in amount. Refer to the "Compliance with International Financial Reporting Standards" section of the Company's MD&A.

SUPPLEMENTARY FINANCIAL MEASURES

Management discloses supplementary financial measures as they have been identified as relevant metrics to evaluate the performance of the Company. These include system sales (sales of all existing restaurants including those that have closed or have opened during the period, as well as the sales of new concepts acquired from the closing date of the transaction and forward), digital sales (sales made by customers through online ordering platforms), and same-store sales (comparative sales generated by stores that have been open for at least 13 months or that have been acquired more than 13 months ago).

FORWARD-LOOKING STATEMENTS

Certain information in this press release may constitute "forward-looking" information that involves known and unknown risks, uncertainties, future expectations and other factors, which may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this press release, this information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" and other terminology.

This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this press release. Except as required by law, the Company assumes no obligation to update or revise forward-looking information to reflect new events or circumstances. Additional information is available in the Company's MD&A, which can be found on SEDAR+ at **www.sedarplus.ca**.

Note to readers: The MD&A, condensed interim consolidated financial statements and notes thereto for the second quarter ended May 31, 2024, are available on the SEDAR+ website at **www.sedarplus.ca** and on the Company's website at **www.mtygroup.com**.